



The President's Daily Brief

January 12, 1974



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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

January 12, 1974

PRINCIPAL DEVELOPMENTS

The Venezuelan Government has let it be known that it intends to nationalize all private oil companies before 1983--the date set earlier for nationalization. Meanwhile, the companies have been ordered to pay 18 percent of their royalties to the government in crude oil, beginning in early April. (Page 1)

President Thieu intends to start pressing for constitutional amendments to strengthen his political position. One would allow him to continue appointing province chiefs; another would give him more voice in choosing Supreme Court Justices. Thieu seems to have enough clout to force the amendments through the National Assembly. (Page 2)

Former party secretary general Teng Hsiao-ping has been named to China's ruling Politburo and to the Military Commission, the party organization that sets military policy. His assignment is another move aimed at reasserting civilian control over the military. (Page 3)

In Indonesia, student leaders have been trying to channel popular economic frustrations into a movement with political influence. They hope that out of the demonstrations planned for Tanaka's visit next week will emerge widespread antigovernment protest. (Page 4)

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VENEZUELA

The Caldera government has announced, and President-elect Perez has concurred, that all private oil companies will probably be nationalized before 1983--the date set earlier for nationalization. There is even a slim chance that the government will start to move in this direction before Perez' inauguration in March.

Meanwhile, foreign oil companies have been ordered to pay 18 percent of their royalties to the government in crude oil, beginning in early April. At current production levels, this would amount to about 100,000 barrels a day. Venezuela may decide to sell this oil to other Latin American countries at preferential prices, in order to reap political dividends; it could also offer it on the world market in trade for needed commodities.

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VIETNAM

President Thieu plans to move ahead rapidly to obtain constitutional amendments that would strengthen the presidency. [REDACTED]

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prior to the Tet holiday beginning on January 23, he will submit to the National Assembly an amendment to put off any election of province chiefs until after the current presidential term ends in 1975 and another to give him more voice in selecting Supreme Court Justices. Thieu is also considering yet another amendment that would permit him to run for a third term, but he is concerned about possible adverse US reaction.

Until recently, Thieu reportedly had planned to wait until late this year to push the amendments. The President's supporters have persuaded him, however, that now is a favorable time because the people--including the opposition--will be preoccupied with the Tet celebration. Thieu may also fear that if he delays, the military and economic situations may deteriorate. Nevertheless, he normally moves with great caution in such matters, and there could be further delays.

A two-thirds vote of the total Assembly membership is necessary for approval. Thieu has the firm support of nearly that many members, and he can probably persuade enough independents to vote for the amendments to ensure passage.

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CHINA

Former party secretary general Teng Hsiao-ping has been named to China's ruling Politburo and to the Military Commission, the party organization that sets military policy. Teng's nomination was probably put forth last month at the high-level meetings that approved the transfer of military commanders.

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The assignment of Teng, a civilian in his early seventies, to the party's Military Commission is another move designed to reassert civilian control over the military. The few civilians named to the Commission in the past either had a military background or held a military position while on it. Teng has not been publicly identified with a military title, but he may become head of the military's General Political Department. Similarly, in recent weeks civilians have been named as political commissars in several military regions.

Teng's return to the Politburo, a position he lost during the Cultural Revolution, is a clear message to the party that once-disgraced officials who have been rehabilitated should be returned to positions of responsibility. He was rehabilitated last April, but opposition from younger officials and military men who gained prominence during the Cultural Revolution prevented his restoration to the Politburo at the party congress last summer.

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INDONESIA

Key student leaders in Indonesia hope that anti-Japanese demonstrations planned to coincide with Prime Minister Tanaka's visit to Jakarta beginning Monday will develop into a broad antigovernment protest movement. Police believe that they can easily manage the student demonstration at the Japanese Embassy, but national security officials are more concerned about long-range student objectives and the recent spread of student agitation to the provinces.

Student dissidents have been trying for some time to use popular economic frustrations to build a movement with political influence, and the military is well aware of the students' potential for mischief. General Sumitro, the security chief and number-two man in the ruling group, has lately spent a great deal of time holding "dialogues" with dissident groups.

On Sumitro's recommendation, President Suharto met yesterday with a large delegation of student leaders in an effort to head off serious trouble. Suharto also decided to respond to student criticism of Indonesian economic policy and development programs. On January 7 he announced that the Second Five Year Plan, to begin in April, will devote more attention to social development and depend less on foreign capital.

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